

BEFORE THE FEDERAL ELECTION COMMISSION

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OFFICE OF GENERAL  
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CATHERINE HINCKLEY KELLEY  
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v.

MUR No. 7292

FRIENDS OF CLIFF STEARNS  
Joan Stearns, Treasurer  
P.O. Box 308  
Silver Springs, FL 34489

COMPLAINT

1. This complaint is filed pursuant to 52 U.S.C. § 30109(a)(1) and is based on information and belief that former Representative Cliff Stearns's campaign committee, Friends of Cliff Stearns (ID: C00229377) has expended campaign funds for personal use, in violation of the Federal Election Campaign Act ("FECA"), 52 U.S.C. § 30101, *et seq.*
2. Specifically, although Stearns left Congress in 2013, he has used Friends of Cliff Stearns funds for a variety of personal expenses—including a monthly cellphone bill, payments to his wife, membership dues at private Washington D.C. clubs, and expenses apparently related to his private-sector lobbying career—in violation of the prohibition against converting campaign funds to personal use at 52 U.S.C. § 30114(b)(1).
3. "If the Commission, upon receiving a complaint . . . has reason to believe that a person has committed, or is about to commit, a violation of [FECA] . . . [t]he Commission *shall* make an

investigation of such alleged violation . . . .” 52 U.S.C. § 30109(a)(2) (emphasis added); *see also* 11 C.F.R. § 111.4(a).

#### FACTS

4. Cliff Stearns represented Florida’s 3<sup>rd</sup> District in Congress until January 2013. Friends of Cliff Stearns (“FCS”) is his principal campaign committee.<sup>1</sup> As of September 30, 2017 FCS reported having \$1,600,127 cash-on-hand.<sup>2</sup>
5. According to Stearns’s LinkedIn profile, upon leaving office in January 2013 he joined the lobbying firm APCO Worldwide, first as a Senior Advisor, and then in September 2014 becoming Executive Director.<sup>3</sup> Records indicate Stearns formally registered as a lobbyist on November 6, 2014.<sup>4</sup>
6. Since February of 2014, FCS has spent \$4,118.95 at the National Republican Club of Capitol Hill, \$1,588.76 of which went toward apparent membership dues to the Club. Those expenditures include:
  - i. \$400.00 for “Membership” on February 8, 2014;<sup>5</sup>
  - ii. \$140 and \$259.05 for food and beverages on October 4 and December 15, 2014;<sup>6</sup>

<sup>1</sup> Friends of Cliff Stearns, Statement of Organization (accessed Oct. 19, 2017), <https://www.fec.gov/data/committee/C00229377/?tab=filings&cycle=1988>. The statement of organization lists Joan Sterns as the committee’s Treasurer, *id.* at 3, but Juanita Ransom signed the document under the “Signature of Treasurer” line on the certification page, *id.* at 1.

<sup>2</sup> Friends of Cliff Stearns, October Quarterly 2017, FEC Form 3 at 2 (filed Oct. 4, 2017), <http://docquery.fec.gov/pdf/350/201710049075574350/201710049075574350.pdf>.

<sup>3</sup> Cliff Stearns Profile, LinkedIn.com (last visited Oct. 23, 2017), <https://www.linkedin.com/in/cliff-stearns-0703b642/>.

<sup>4</sup> *See* APCO Worldwide, Lobbying Registration (Dec. 12, 2014), <http://disclosures.house.gov/ld/ldxmlrelease/2014/RR/300691862.xml>.

<sup>5</sup> Friends of Cliff Stearns, April Quarterly 2014, FEC Form 3 at 8 (filed Apr. 2, 2014), <http://docquery.fec.gov/pdf/477/14960604477/14960604477.pdf>.

<sup>6</sup> Friends of Cliff Stearns, Year-End 2014, FEC Form 3 at 9 (filed Jan. 27, 2015), <http://docquery.fec.gov/pdf/465/15950100465/15950100465.pdf>.

- iii. \$598.36 for "Membership" on April 15, 2015;<sup>7</sup>
- iv. \$250 for a "Fundraising Event" on April 29, 2015;<sup>8</sup>
- v. \$20, \$930.60, and \$270.86 for meals on April 30,<sup>9</sup> July 1,<sup>10</sup> and July 21, 2015;<sup>11</sup>
- vi. \$537 for food and beverages on February 10, 2016;<sup>12</sup>
- vii. \$590.40 for "Dues/Expenses" on February 18, 2017;<sup>13</sup> and
- viii. Three payments totaling \$122.68 for meals in April and May 2017.<sup>14</sup>

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7. In 2015, *USA Today* asked Stearns about the payments to the Capitol Hill Club, and Stearns stated that that "I'm a registered lobbyist now, and so when I go down there, it's a chance to talk to other members. Primarily what I'm doing — and I'm just doing, I guess, what others are doing — is just trying to preserve (the leftover campaign money) for perhaps whatever the future might bring."<sup>15</sup>
8. The *USA Today* report also noted that:

Stearns has contributed funds from his campaign account to lawmakers with influence over issues he's being paid to lobby on, including foreign investment and energy.

He's given \$1,000 to GOP Rep. Chris Smith of New Jersey, who sits on the Foreign Affairs Committee, \$500 to Republican Sen. Kelly Ayotte of New Hampshire, who sits on the Commerce, Science and Transportation Committee, and \$1,000 to Republican

<sup>7</sup> Friends of Cliff Stearns, July Quarterly 2015, FEC Form 3 at 6 (filed July 8, 2015), <http://docquery.fec.gov/pdf/404/201507089000068404/201507089000068404.pdf>.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> Friends of Cliff Stearns, October Quarterly 2015, FEC Form 3 at 6 (filed Oct. 8, 2015), <http://docquery.fec.gov/pdf/019/201510089002822019/201510089002822019.pdf>.

<sup>11</sup> *Id.*

<sup>12</sup> Friends of Cliff Stearns, April Quarterly 2016, FEC Form 3 at 6 (filed Apr. 5, 2016), <http://docquery.fec.gov/pdf/642/201604059012224642/201604059012224642.pdf>.

<sup>13</sup> Friends of Cliff Stearns, April Quarterly 2017, FEC Form 3 at 6 (filed Apr. 5, 2017), <http://docquery.fec.gov/pdf/876/201704059052015876/201704059052015876.pdf>.

<sup>14</sup> Friends of Cliff Stearns, July Quarterly 2017, FEC Form 3 at 6 (filed June 30, 2017), <http://docquery.fec.gov/pdf/060/201706309066462060/201706309066462060.pdf>.

<sup>15</sup> Bill Theobald and Donovan Slack, *Former lawmakers sit on tens of millions in campaign cash*, *USA Today* (July 31, 2015), <https://www.usatoday.com/story/news/politics/2015/07/31/former-lawmakers-still-have-campaign-cash/30943329/>.

Rep. Greg Walden of Oregon, who sits on the House Energy and Commerce Committee.<sup>16</sup>

9. Other contributions also coincide with Stearns's lobbying activities. For example, between 2014 and 2016, Stearns lobbied for APCO clients GML Limited and Huawei Tech. Investment Co. on issues related to foreign investment and security<sup>17</sup> and "all provisions relating to information technology."<sup>18</sup> During that period, FCS gave \$2,000 to Rep. Chris Smith (\$1,000 on June 25, 2014<sup>19</sup> and \$1,000 on December 1, 2015<sup>20</sup>) who sits on the House Foreign Affairs committee; \$1,000 to Rep Greg Walden in 2015,<sup>21</sup> who sat on (and now chairs) the House Energy and Commerce Committee; \$1,000 over 2014 and 2015 to Sen. Kelly Ayotte,<sup>22</sup> who at the time sat on the Commerce, Science, and Transportation Committee and the Subcommittee on Communications, Technology, and the Internet;<sup>23</sup> and

<sup>16</sup> *Id.*

<sup>17</sup> See, e.g., APCO Worldwide Inc., 2014 Third Quarter Lobbying Report, Form LD-2 (filed Oct. 20, 2014), <http://disclosures.house.gov/ld/ldxmlrelease/2014/Q3/300685200.xml>; APCO Worldwide Inc., 2015 Fourth Quarter Lobbying Report, Form LD-2 (filed Jan. 14, 2016), <http://disclosures.house.gov/ld/ldxmlrelease/2015/Q4/300772188.xml>; APCO Worldwide, Inc., 2016 Third Quarter Lobbying Report, Form LD-2 (filed Oct. 19, 2016), <http://disclosures.house.gov/ld/ldxmlrelease/2016/Q3/300831894.xml>; APCO Worldwide, Inc., 2016 Fourth Quarter Lobbying Report, Form LD-2 (filed Jan. 18, 2017), <http://disclosures.house.gov/ld/ldxmlrelease/2016/Q4/300849294.xml>.

<sup>18</sup> APCO Worldwide Inc., 2015 Fourth Quarter Lobbying Report, Form LD-2 (filed Jan. 14, 2016), <http://disclosures.house.gov/ld/ldxmlrelease/2015/Q4/300772188.xml>.

<sup>19</sup> Friends of Cliff Stearns, July 15 Quarterly Report, FEC Form 3 at 10 (filed July 10, 2014), <http://docquery.fec.gov/pdf/903/14941762903/14941762903.pdf>.

<sup>20</sup> Friends of Cliff Stearns, January 31 Year-End Report, FEC Form 3 at 10 (filed Jan. 4, 2016), <http://docquery.fec.gov/pdf/007/201601049004430007/201601049004430007.pdf>.

<sup>21</sup> Friends of Cliff Stearns, July 15 Quarterly Report, FEC Form 3 at 11 (filed July 8, 2015), <http://docquery.fec.gov/pdf/404/201507089000068404/201507089000068404.pdf>.

<sup>22</sup> Friends of Cliff Stearns, July 15 Quarterly Report, FEC Form 3 at 11 (filed July 10, 2014), <http://docquery.fec.gov/pdf/903/14941762903/14941762903.pdf>; Friends of Cliff Stearns, July 15 Quarterly Report, FEC Form 3 at 7 (filed July 8, 2015), <http://docquery.fec.gov/pdf/404/201507089000068404/201507089000068404.pdf>.

<sup>23</sup> Thune Announces Commerce Subcommittee Assignments and Ranking Members, Senate.gov (Feb. 13, 2013), <https://www.thune.senate.gov/public/index.cfm/press-releases?ID=84ff8344-f65c-4285-ba8e-03e73bbe63e4>.

\$1,000 in October 2016 to Rep. John Mica,<sup>24</sup> who at the time sat on the House Oversight Committee's Subcommittee on National Security.<sup>25</sup>

10. Since January 2013, FCS paid at least \$5,180 to Verizon for cell phone bills ranging between \$75 and \$200 a month.<sup>26</sup> These payments have continued through FCS's October 2017 quarterly filing. For example, in July, August, and September 2017, FCS paid Verizon \$100 a month for "cell phone."<sup>27</sup> FCS did not report any payments to Verizon or for "cell phone" expenses when he was still a candidate and Member of Congress.
11. Stearns's wife Joan Stearns, who is listed on FCS's reports as the committee's treasurer,<sup>28</sup> was not paid by FCS when Stearns was a candidate and Member of Congress (other than reimbursements for expenses).<sup>29</sup> FCS also did not report any payments to Joan Stearns during the 2013-2014 or 2015-2016 cycles.<sup>30</sup> However, since June 2017, FCS has reported paying

<sup>24</sup> Friends of Cliff Stearns, Year-End 2016, FEC Form 3 at 9 (filed Jan. 4, 2017), <http://docquery.fec.gov/pdf/007/201601049004430007/201601049004430007.pdf>.

<sup>25</sup> *National Security: Membership, 114<sup>th</sup> Congress*, House.gov (last visited Oct. 24, 2017), <https://democrats-oversight.house.gov/subcommittees/national-security-114th-congress>.

<sup>26</sup> See Friends of Cliff Stearns, "Disbursements to 'Verizon,' 2013-2014,"

[https://www.fec.gov/data/disbursements/?two\\_year\\_transaction\\_period=2014&data\\_type=processed&committee\\_id=C00229377&recipient\\_name=verizon&min\\_date=01%2F01%2F2013&max\\_date=12%2F31%2F2014](https://www.fec.gov/data/disbursements/?two_year_transaction_period=2014&data_type=processed&committee_id=C00229377&recipient_name=verizon&min_date=01%2F01%2F2013&max_date=12%2F31%2F2014); *Id.*, "Disbursements to 'Verizon,' 2015-2016,"

[https://www.fec.gov/data/disbursements/?two\\_year\\_transaction\\_period=2016&data\\_type=processed&committee\\_id=C00229377&recipient\\_name=verizon&min\\_date=01%2F01%2F2015&max\\_date=12%2F31%2F2016](https://www.fec.gov/data/disbursements/?two_year_transaction_period=2016&data_type=processed&committee_id=C00229377&recipient_name=verizon&min_date=01%2F01%2F2015&max_date=12%2F31%2F2016); *Id.*, "Disbursements to 'Verizon,' 2016-2017,"

[https://www.fec.gov/data/disbursements/?two\\_year\\_transaction\\_period=2018&data\\_type=processed&committee\\_id=C00229377&recipient\\_name=verizon&min\\_date=01%2F01%2F2017&max\\_date=12%2F31%2F2018](https://www.fec.gov/data/disbursements/?two_year_transaction_period=2018&data_type=processed&committee_id=C00229377&recipient_name=verizon&min_date=01%2F01%2F2017&max_date=12%2F31%2F2018).

<sup>27</sup> Friends of Cliff Stearns, October Quarterly 2017, FEC Form 3 at 9-10 (filed Oct. 4, 2017), <http://docquery.fec.gov/pdf/350/201710049075574350/201710049075574350.pdf>

<sup>28</sup> See, e.g., *Id.* at 1 (filed Oct. 4, 2017),

<http://docquery.fec.gov/pdf/350/201710049075574350/201710049075574350.pdf>

<sup>29</sup> See, e.g., Friends of Cliff Stearns, "Disbursements to Joan Stearns, 2011-2012,"

[https://www.fec.gov/data/disbursements/?two\\_year\\_transaction\\_period=2012&data\\_type=processed&committee\\_id=C00229377&recipient\\_name=joan+stearns&min\\_date=01%2F01%2F2011&max\\_date=12%2F31%2F2012](https://www.fec.gov/data/disbursements/?two_year_transaction_period=2012&data_type=processed&committee_id=C00229377&recipient_name=joan+stearns&min_date=01%2F01%2F2011&max_date=12%2F31%2F2012).

<sup>30</sup> Friends of Cliff Stearns, "Disbursements to Joan Stearns, 2013-2014,"

[https://www.fec.gov/data/disbursements/?two\\_year\\_transaction\\_period=2014&data\\_type=processed&committee\\_id=C00229377&recipient\\_name=joan+stearns&min\\_date=01%2F01%2F2013&max\\_date=12%2F31%2F2014](https://www.fec.gov/data/disbursements/?two_year_transaction_period=2014&data_type=processed&committee_id=C00229377&recipient_name=joan+stearns&min_date=01%2F01%2F2013&max_date=12%2F31%2F2014).

Joan Stearns \$5,000: she received five separate \$1,000 payments for "Administrative Support" on June 13,<sup>31</sup> July 1,<sup>32</sup> August 9,<sup>33</sup> September 11,<sup>34</sup> and September 28.<sup>35</sup>

12. Between 2014 and 2017, FCS has reported paying \$6,040 to Awakening, Inc., which hosts an annual retreat "on conservative principles and thought."<sup>36</sup> Those payments include:

- i. \$1,320 to Awakening, Inc. on January 10, 2014 for a "Donation;"<sup>37</sup>
- ii. \$650 to Awakening, Inc. on October 19, 2014 for a "Donation;"<sup>38</sup>
- iii. \$1,320 to Awakening, Inc. on November 20, 2014 for a "Donation;"<sup>39</sup>
- iv. \$1,850 to Awakening, Inc., on Oct. 14, 2015 for a "Donation;"<sup>40</sup>
- v. \$350 to Awakening, Inc., on January 7, 2017 for a "Contribution;"<sup>41</sup> and
- vi. \$550 to Card Services for "Awakening deposit" on May 1, 2017.<sup>42</sup>

13. The "registration" page for Awakening's January 2018 conference indicates that the registration fees are \$550 for an individual, \$675 for a couple, and \$750 for a family of more

2F31%2F2014; Friends of Cliff Stearns, "Disbursements to Joan Stearns, 2014-2015,"  
[https://www.fec.gov/data/disbursements/?two\\_year\\_transaction\\_period=2016&data\\_type=processed&committee\\_id=C00229377&recipient\\_name=joan+stearns&min\\_date=01%2F01%2F2015&max\\_date=12%2F31%2F2016](https://www.fec.gov/data/disbursements/?two_year_transaction_period=2016&data_type=processed&committee_id=C00229377&recipient_name=joan+stearns&min_date=01%2F01%2F2015&max_date=12%2F31%2F2016)

<sup>31</sup> Friends of Cliff Stearns, July Quarterly 2017, FEC Form 3 at 9 (filed June 30, 2017),  
<http://docquery.fec.gov/pdf/060/201706309066462060/201706309066462060.pdf>.

<sup>32</sup> Friends of Cliff Stearns, October Quarterly 2017, FEC Form 3 at 8 (filed Oct. 4, 2017),  
<http://docquery.fec.gov/pdf/350/201710049075574350/201710049075574350.pdf>

<sup>33</sup> *Id.*

<sup>34</sup> *Id.*

<sup>35</sup> *Id.* at 9.

<sup>36</sup> Awakening, Inc., *About Us* (accessed Oct. 19, 2017), <https://awakeninginc.org/about-us/>.

<sup>37</sup> Friends of Cliff Stearns, April Quarterly 2014, FEC Form 3 at 12 (filed Apr. 2, 2014),  
<http://docquery.fec.gov/pdf/477/14960604477/14960604477.pdf>.

<sup>38</sup> Friends of Cliff Stearns, Year-End 2014, FEC Form 3 at 8 (filed Jan. 27, 2015),  
<http://docquery.fec.gov/pdf/465/15950100465/15950100465.pdf>.

<sup>39</sup> *Id.*

<sup>40</sup> Friends of Cliff Stearns, Year-End 2015, FEC Form 3 at 6 (filed Jan. 4, 2016),  
<http://docquery.fec.gov/pdf/007/201601049004430007/201601049004430007.pdf>.

<sup>41</sup> Friends of Cliff Stearns, April Quarterly 2017, FEC Form 3 at 6 (filed Apr. 5, 2017),  
<http://docquery.fec.gov/pdf/876/201704059052015876/201704059052015876.pdf>.

<sup>42</sup> Friends of Cliff Stearns, July Quarterly 2017, FEC Form 3 at 7 (filed June 30, 2017),  
<http://docquery.fec.gov/pdf/060/201706309066462060/201706309066462060.pdf>.

than two people;<sup>43</sup> the \$550 registration cost matches the amount of FCS's May 1, 2017 payment. The same page also lists the option of purchasing an Adult Meal Plan for \$350 per person, which matches the amount of FCS's January 7, 2017 payment.<sup>44</sup>

14. Other FCS disbursements since Stearns left office include the following:

- i. \$1,093.51 to Roger's Frame Shop in Ocala, FL for "Framing services" on September 10, 2013;<sup>45</sup>
- ii. \$340 to Second Story Books in Rockville, MD for an "appraisal" on April 7, 2015;<sup>46</sup>
- iii. \$380.14 to Card Services for "holiday cards" on December 10, 2015;<sup>47</sup> and
- iv. \$1,469.42 to Card Services for "Books/gifts" on January 12, 2017.<sup>48</sup>

15. Since January 2013, FCS has also paid \$6,008 to Neighborhood Storage in Ocala, Florida for storage costs: \$3,203.50 in the 2013-2014 cycle,<sup>49</sup> \$2,201.38 in 2015-2016,<sup>50</sup> and \$603.12 so far this year.<sup>51</sup>

<sup>43</sup> *Registration*, Awakening, Inc. (last visited Oct. 20, 2017), <https://awakeninginc.org/registration/>.

<sup>44</sup> *Id.*

<sup>45</sup> Friends of Cliff Stearns, October Quarterly 2013, FEC Form 3 at 8 (filed Oct. 12, 2013), <http://docquery.fec.gov/pdf/350/201710049075574350/201710049075574350.pdf>

<sup>46</sup> Friends of Cliff Stearns, July Quarterly 2015, FEC Form 3 at 9 (filed July 8, 2015), <http://docquery.fec.gov/pdf/404/201507089000068404/201507089000068404.pdf>

<sup>47</sup> Friends of Cliff Stearns, Year-End 2015, FEC Form 3 at 6 (filed Jan. 4, 2016), <http://docquery.fec.gov/pdf/007/201601049004430007/201601049004430007.pdf>

<sup>48</sup> Friends of Cliff Stearns, April Quarterly 2017, FEC Form 3 at 6 (filed Apr. 5, 2017), <http://docquery.fec.gov/pdf/876/201704059052015876/201704059052015876.pdf>

<sup>49</sup> Friends of Cliff Stearns, "Disbursements to Neighborhood Storage 2013-2014," [https://www.fec.gov/data/disbursements/?two\\_year\\_transaction\\_period=2014&data\\_type=processed&committee\\_id=C00229377&recipient\\_name=storage&min\\_date=01%2F01%2F2013&max\\_date=12%2F31%2F2014](https://www.fec.gov/data/disbursements/?two_year_transaction_period=2014&data_type=processed&committee_id=C00229377&recipient_name=storage&min_date=01%2F01%2F2013&max_date=12%2F31%2F2014).

<sup>50</sup> Friends of Cliff Stearns, "Disbursements to Neighborhood Storage 2015-2016," [https://www.fec.gov/data/disbursements/?two\\_year\\_transaction\\_period=2016&data\\_type=processed&committee\\_id=C00229377&recipient\\_name=storage&min\\_date=01%2F01%2F2015&max\\_date=12%2F31%2F2016](https://www.fec.gov/data/disbursements/?two_year_transaction_period=2016&data_type=processed&committee_id=C00229377&recipient_name=storage&min_date=01%2F01%2F2015&max_date=12%2F31%2F2016).

<sup>51</sup> Friends of Cliff Stearns, "Disbursements to Neighborhood Storage 2017-2018," [https://www.fec.gov/data/disbursements/?two\\_year\\_transaction\\_period=2018&data\\_type=processed&committee\\_id=C00229377&recipient\\_name=storage&min\\_date=01%2F01%2F2017&max\\_date=12%2F31%2F2018](https://www.fec.gov/data/disbursements/?two_year_transaction_period=2018&data_type=processed&committee_id=C00229377&recipient_name=storage&min_date=01%2F01%2F2017&max_date=12%2F31%2F2018).

16. FCS has also reported a series of payments to “Card Services” (whose address matches the address that Barclay Card lists for its credit card payments<sup>52</sup>), yet has not itemized the specific expenses or underlying vendors. For example, on November 2, 2016, FCS listed \$1,850 paid to Card Services for “Expenses,” with no further details or itemizations.<sup>53</sup> Similarly, on June 7, 2017, FCS reported \$396.45 in “Expenses” paid to Card Services, again with no specific purposes given.<sup>54</sup>

#### SUMMARY OF THE LAW

17. FECA provides that contributions accepted by a candidate may be used by the candidate for, *inter alia*, “otherwise authorized expenditures in connection with the campaign for Federal office of the candidate,” 52 U.S.C. § 30114(a)(1), *see also* 11 C.F.R. § 113.2(a)-(e), and that such contributions shall not be converted to the personal use of the candidate or any other person, *id.* § 30114(b); *see also* 11 C.F.R. §§ 113.1(g), 113.2(e).
18. Campaign funds are considered to have been converted to “personal use” if the funds are used “to fulfill any commitment, obligation, or expense of a person that would exist irrespective of the candidate’s election campaign or individual’s duties as a holder of Federal office.” 52 U.S.C. § 30114(b)(2). Commission regulations similarly define “personal use” as the use of funds in a campaign account “to fulfill any commitment, obligation, or expense of any person that would exist irrespective of the candidate’s *election campaign* or duties as a *Federal officeholder*.” 11 C.F.R. § 113.1(g) (emphasis added).

mmittee\_id=C00229377&recipient\_name=storage&min\_date=01%2F01%2F2017&max\_date=12%2F31%2F2018.

<sup>52</sup> <https://www.barclaycardus.com/servicing/headerLinks?handleContactUsMail=>

<sup>53</sup> Friends of Cliff Stearns, January 31 Year-End Report, FEC Form 3 at 8 (filed Jan. 4, 2017), <http://docquery.fec.gov/pdf/007/201601049004430007/201601049004430007.pdf>.

<sup>54</sup> Friends of Cliff Stearns, July 15 Quarterly Report, FEC Form 3 at 7 (filed June 30, 2017), <http://docquery.fec.gov/pdf/060/201706309066462060/201706309066462060.pdf>.



19. The Commission has explained the “irrespective” test as follows:

If campaign funds are used for a financial obligation that is caused by campaign activity or the activities of an officeholder, that use is not personal use. However, if the obligation would exist even in the absence of the candidacy or even if the officeholder were not in office, then the use of funds for that obligation generally would be personal use.

*Expenditures; Reports by Political Committees; Personal Use of Campaign Funds*, 60 Fed.

Reg. 7862, 7863–64 (Feb. 9, 1995). If a current officeholder or candidate “can reasonably show that the expenses at issue resulted from campaign or officeholder activities, the Commission will not consider the use to be personal use.” *Id.* at 7867.

20. FECA and Commission regulations provide a non-exhaustive list of uses of campaign funds that are *per se* personal use. 52 U.S.C. § 30114(b)(2); 11 C.F.R. § 113.1(g)(1)(i). For uses of campaign funds not on this list, the Commission determines, on a case-by-case basis, whether they constitute personal use. 11 C.F.R. § 113.1(g)(1)(ii).
21. Former officeholders may permissibly use campaign funds to pay certain expenses related to winding down their office, *see* 11 C.F.R. § 113.2(a)(2) (recognizing as “ordinary and necessary” costs of winding down former officeholder’s office and permitting use of campaign funds to pay for such expenses for six months after officeholder leaves office). The Commission has similarly allowed the use of campaign funds for other expenses clearly incurred in connection with a former member’s duties as a federal officeholder, such as paying expenses related to winding down campaign activity. *See, e.g.* Advisory Opinion 2013-05 (Gallegly for Congress). The Commission has also permitted former officeholders to expend campaign funds for uses expressly permitted under FECA and Commission regulations, such as donating leftover campaign funds to charity as authorized by 52 U.S.C. § 30114(a)(3) and 11 C.F.R. § 113.2(b), *see* Advisory Opinion 2012-05 (Lantis), or donating

to state and local candidates as authorized by 52 U.S.C. § 30114(a)(5) and 11 C.F.R.

§ 113.2(f), *see* Advisory Opinion 2012-06 (Perry); Advisory Opinion 1993-10 (Colorado).

22. For operating expenditures charged on a credit card, a committee not only must itemize a payment to a credit card company that exceeds \$200, but also itemize (as a memo entry) any specific transaction if the payment to the vendor exceeds \$200. *See* FEC, *Campaign Guide for Congressional Candidates* (June 2014) at 105. The date for the itemized vendor disbursement is the date the transaction actually occurred. *See* FEC, *Interpretative Rule on Reporting Ultimate Payees of Political Committee Disbursements*, 78 Fed. Reg. 40625 (July 8, 2013).

#### CAUSES OF ACTION

##### I. Friends of Cliff Stearns Converted Campaign Funds to Personal Use

23. A candidate or officeholder may not convert campaign funds to the personal use of the candidate or any other person. 52 U.S.C. § 30114(b)(1). “Personal use” is defined as any expense that would exist “irrespective of the candidate’s campaign or duties as a Federal officeholder,” 52 U.S.C. § 30114(b)(2); 11 C.F.R. § 113.1(g).
24. Since January 2013, when Stearns left office and joined a lobbying firm, FCS has converted tens of thousands of dollars of campaign funds to personal use by using those funds for expenses that were purely personal and/or related to Stearns’s non-congressional employment — expenses that therefore existed irrespective of Stearns’s (long-since terminated) duties as a federal candidate and officeholder.<sup>55</sup>

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<sup>55</sup> Additionally, FCS reported multiple payments to “Card Services” (whose address matches the address for Barclay Card), yet does not itemize payments to any underlying vendors, as required if any specific transaction results in a payment to a vendor that exceeds \$200. *See supra* ¶ 16. Those unitemized disbursements may disguise additional examples of the personal use of campaign funds.

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25. Some FCS disbursements appear to have been incurred in connection with his private sector work as a lobbyist. For example, FCS has paid \$4,118.95 to the National Republican Club of Capitol Hill (\$1,588.76 of which went toward apparent membership dues to the Club) since February 2014,<sup>56</sup> and Stearns admitted in 2015 that “I’m a registered lobbyist now, and so when I go down [to the Capitol Hill Club], it’s a chance to talk to other members.”<sup>57</sup> FCS has also made thousands of dollars of contributions to Federal candidates who appear to have influence over the issues he is paid to lobby on.<sup>58</sup>
26. Other disbursements appear to be a means of subsidizing Stearns and his family. Since February 2013, FCS has picked up the tab for Stearns’s cell phone bills to the tune of \$5,180.<sup>59</sup> And this year, FCS paid \$5,000 to Stearns’s wife for “Administrative Support,” despite not compensating her in any previous cycles.<sup>60</sup>
27. Still other FCS disbursements have been made for expenses that existed irrespective of Stearns’s former duties as an officeholder or candidate, including:
- i. \$6,040 paid to Awakening, Inc. between 2014 and 2017 for conference fees and related expenses;<sup>61</sup>

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<sup>56</sup> See *supra* ¶ 6.

<sup>57</sup> Bill Theobald and Donovan Slack, *Former lawmakers sit on tens of millions in campaign cash*, USA TODAY (July 31, 2015), <https://www.usatoday.com/story/news/politics/2015/07/31/former-lawmakers-still-have-campaign-cash/30943329/>.

<sup>58</sup> See *supra* ¶¶ 8-9. Although donations to state and local candidates are an expressly permitted use of campaign funds, 52 U.S.C. § 30114(a)(5); 11 C.F.R. § 113.2(d), contributions to federal candidates are not. In any event, such contributions, like all spending by authorized committees, constitute personal use if they are made for a commitment that would exist irrespective of one’s former duties as a federal officeholder, such as in furtherance of one’s private sector lobbying activities. See 52 U.S.C. § 30114(b)(1).

<sup>59</sup> See *supra* ¶ 10.

<sup>60</sup> See *supra* ¶ 11. Even if these new payments were related to Joan Stearns’s longstanding duties as treasurer, the value would appear to exceed the fair market value of the services actually provided, since her only duties in 2017 have been for effecting the illegal payments at issue in this complaint and filing short FEC reports.

<sup>61</sup> Awakening, Inc., *About Us* (last visited Oct. 19, 2017), <https://awakeninginc.org/about-us/>.

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- ii. Disbursements for items such as \$1,093.51 for “Framing services” in September 2013,<sup>62</sup> \$340 for an apparent book appraisal in April 2015,<sup>63</sup> \$380.14 for “holiday cards” in December 2015,<sup>64</sup> and \$1,469.42 for “Books/gifts” in January 2017.<sup>65</sup>
28. Stearns’s use of campaign funds for extended storage costs may also constitute personal use. The Commission has permitted the payment of short-term storage costs as part of the costs of winding down one’s office or campaign. *See* Advisory Opinion 1993-06 (Panetta) at 6 (permitting a candidate to pay storage costs for six months, after which the Commission “would review the facts and circumstances . . . in order to consider whether further disbursements for similar purposes are permitted”); Advisory Opinion 2010-26 (Baird) (four months of storage costs); Advisory Opinion 2013-05 (Gallegly) (permitting approximately six months of storage costs to prepare materials for archiving). FCS, however, has paid over \$6,000 for over four years of storage costs, far longer than the Commission has ever permitted — or is reasonably necessary — to wind-down an office or campaign or to archive materials.<sup>66</sup>
29. It has been more than four years since Stearns had any duties as a candidate or officeholder. As a result, the disbursements described above appear to be for expenses that existed

<sup>62</sup> Friends of Cliff Stearns, October Quarterly 2013, FEC Form 3 at 8 (filed Oct. 12, 2013), <http://docquery.fec.gov/pdf/350/201710049075574350/201710049075574350.pdf>

<sup>63</sup> Friends of Cliff Stearns, July Quarterly 2015, FEC Form 3 at 9 (filed July 8, 2015), <http://docquery.fec.gov/pdf/404/201507089000068404/201507089000068404.pdf>

<sup>64</sup> Friends of Cliff Stearns, Year-End 2015, FEC Form 3 at 6 (filed Jan. 4, 2016), <http://docquery.fec.gov/pdf/007/201601049004430007/201601049004430007.pdf>

<sup>65</sup> Friends of Cliff Stearns, April Quarterly 2017, FEC Form 3 at 6 (filed Apr. 5, 2017), <http://docquery.fec.gov/pdf/876/201704059052015876/201704059052015876.pdf>

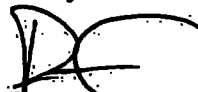
<sup>66</sup> Additionally, unlike the scenario presented in Advisory Opinion 2013-05 (Gallegly), many of Stearns’s Congressional papers are already archived at George Washington University, raising questions about what it is that Stearns is storing. *See* George Washington University, *Preliminary Guide to the Clifford Stearns Congressional Papers, 1988-2013, Collection number MS1007*, <https://library.gwu.edu/ead/ms1007.xml>.


irrespective of his campaign or his duties of a Member of Congress, and they therefore constitute illegal conversion of campaign funds to personal use, in violation of 52 U.S.C. § 30114(b)(1).

**PRAYER FOR RELIEF**

30. Wherefore, the Commission should find reason to believe that Friends of Cliff Stearns has violated 52 U.S.C. § 30101 *et seq.*, and conduct an immediate investigation under 52 U.S.C. § 30109(a)(2).
31. Further, the Commission should seek appropriate sanctions for any and all violations, including civil penalties sufficient to deter future violations and an injunction prohibiting the respondents from any and all violations in the future, and should seek such additional remedies as are necessary and appropriate to ensure compliance with the FECA.

Respectfully submitted,

  
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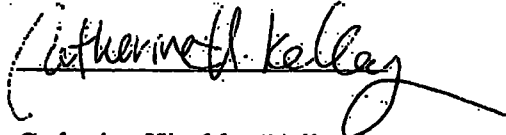
October 27, 2017

VERIFICATION


The complainants listed below hereby verify that the statements made in the attached Complaint are, upon their information and belief, true.

Sworn pursuant to 18 U.S.C. § 1001.

For Complainant Catherine Hinckley Kelley

  
Catherine Hinckley Kelley

Sworn to and subscribed before me this 27 day of October 2017.

  
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Notary Public




For Complainant Campaign Legal Center

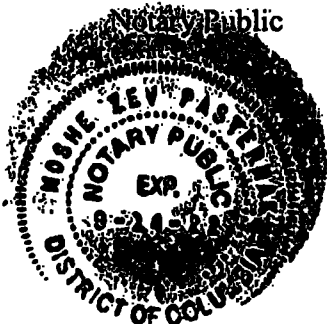
  
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Brendan M. Fischer

Sworn to and subscribed before me this 27 day of October 2017.

  
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Notary Public



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